

Consolidated Financial Results for the 2nd Quarter, Ended September 30, 2024 (Japanese GAAP)

November 12, 2024

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listing: Tokyo

Code Number: 4118

URL <https://www.kaneka.co.jp/en/>

Representative: Kazuhiko Fujii, President, Representative Director

Contact Person: Osamu Ishida, Executive Officer – Investors & Public Relations Department

Phone: +81-3-5574-8090

Scheduled date for filing financial statements: November 13, 2024 Scheduled date of dividend distribution: December 5, 2024

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Financial Results for the 2nd Quarter, Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (% indicates year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|-----------------------------|-----------|-------|------------------|--------|-----------------|--------|---|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Apr.1, 2024 – Sep. 30, 2024 | 395,963 | 7.0 | 19,101 | 51.5 | 14,391 | 13.0 | 10,162 | 14.2 |
| Apr.1, 2023 – Sep. 30, 2023 | 370,116 | (2.8) | 12,606 | (39.4) | 12,741 | (43.4) | 8,897 | (46.3) |

Note: Comprehensive income: ¥9,477 million [(63.8%)] for the six months ended September 30, 2024
¥26,201 million [(1.5%)] for the six months ended September 30, 2023

| | Basic net income per share | Diluted net income per share |
|-----------------------------|----------------------------|------------------------------|
| Apr.1, 2024 – Sep. 30, 2024 | ¥ 160.48 | ¥ 159.99 |
| Apr.1, 2023 – Sep. 30, 2023 | 137.09 | 136.71 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-------------------|-------------------|--------------|
| As of September 30, 2024 | ¥ million 857,506 | ¥ million 474,919 | 53.0% |
| As of March 31, 2024 | 870,205 | 474,383 | 52.1% |

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income):
¥454,053 million as of September 30, 2024
¥453,463 million as of March 31, 2024

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-------------|-------------|----------|----------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Annual |
| Apr.1, 2023 – Mar. 31, 2024 | ¥ — | ¥ 55.00 | ¥ — | ¥ 55.00 | ¥ 110.00 |
| Apr.1, 2024 – Mar. 31, 2025 | — | 60.00 | | | |
| Apr.1, 2024 – Mar. 31, 2025 (Forecasts) | | | — | 60.00 | 120.00 |

Note: Changes in dividend forecast during the quarter under review: None

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|-----------|-----------|-----|------------------|------|-----------------|------|---|-----|----------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ |
| Full year | 790,000 | 3.6 | 38,000 | 16.6 | 34,000 | 16.3 | 24,500 | 5.5 | 388.18 |

Note: Revisions to consolidated business performance forecasts during the quarter under review: None

※ Notes

(1) Changes in principal subsidiaries during the term: None

(2) Application of simplified methods of accounting and specific accounting methods: None

(3) Changes in accounting principles, changes in estimates, or restatements

1. Changes owing to revisions in accounting standards: Yes

2. Changes other than 1. above: None

3. Changes in accounting estimates: None

4. Restatements: None

Note: For details, please refer to the section entitled “(4) Notes to the Consolidated Financial Statements (Changes in Accounting Policy)” under “2. Semi-annual Consolidated Financial Statements and Main Notes” on page 11.

(4) Number of shares issued (common stock)

1. Number of shares issued at the end of the period (including treasury stock):

2. Number of shares of treasury stock at the end of the period:

3. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year):

| | | | |
|--------------------|-------------------|--------------------|-------------------|
| September 30, 2024 | 66,000,000 shares | March 31, 2024 | 66,000,000 shares |
| September 30, 2024 | 3,066,390 shares | March 31, 2024 | 1,851,007 shares |
| September 30, 2024 | 63,323,857 shares | September 30, 2023 | 64,905,854 shares |

※These financial statements are exempt from audit procedures to be performed by certified public accountants or an audit firm.

※Explanations or other items pertaining to appropriate use of business performance forecasts

The business performance forecasts and certain other statements contained in this document forward-looking statements, which are based on information currently available to the Company and certain assumptions determined to be reasonable by the Company. For a variety of reasons, actual performance may differ substantially from these forecasts. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For cautionary items used in business performance forecasts, please refer to the section entitled “(3) Earnings Forecasts and Other Forward-looking Statements” under “1. Semi-annual Consolidated Financial Results” on page 4.

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1. Semi-annual Consolidated Financial Results

(1) Operating Results

- **State of Global Economy – Ongoing economic stagnation, with the outlook remaining uncertain –**
While the pace of economic recovery was still slow in Japan, domestic demand in China remained sluggish. In the meantime, the trend of economic downturn continued in Europe. Although consumption remained firm in the U.S., there have been concerns over a potential slowdown. With the political climate becoming uncertain in the U.S. and Japan, coupled with growing geopolitical risks such as the worsening Middle East crisis, the outlook of the global economy is currently clouded by uncertainties.
- **Kaneka Group's Business Performance – Sales and profits increased, maintaining momentum in 2Q (July 1 to September 30, 2024) –**

Under these circumstances, Kaneka Group's business performance for the first six months (April 1, to September 30, 2024, "2H") of the fiscal year ending March 31, 2025 was as follows. Consolidated net sales were ¥395,963 million (up 7.0% year-on-year), operating income was ¥19,101 million (up 51.5% year-on-year), ordinary income was ¥14,391 million (up 13.0% year-on-year), and net income attributable to owners of parent was ¥10,162 million (up 14.2% year-on-year).

Under the uncertain demand environment, the Group recorded year-on-year increases across key indicators, including net sales, operating income, ordinary income, and net income attributable to owners of parent. Overall, the Group maintained strong momentum, which had been continued since the first quarter (April 1 to June 30, 2024, "1Q").

Business performance for the first six months (April 1, 2024 to September 30, 2024) (Millions of yen)

| | FY2023 1H(Apr.-Sep.) | FY2024 1H(Apr.-Sep.) | Difference (year-on-year) |
|---|-------------------------|-------------------------|------------------------------|
| Net sales | 370,116 | 395,963 | 25,846 7.0% |
| Operating income | 12,606 | 19,101 | 6,494 51.5% |
| Ordinary income | 12,741 | 14,391 | 1,650 13.0% |
| Net income attributable to owners of parent | 8,897 | 10,162 | 1,264 14.2% |

Net sales and operating income by business segments (Millions of yen)

| | Net sales | | | | Operating income | | | |
|--------------------|-----------|---------|---------|------------------------------|------------------|---------|----------|------------------------------|
| | FY2024 | | | Difference (year-on-year) | FY2024 | | | Difference (year-on-year) |
| | 1Q | 2Q | Total | | 1Q | 2Q | Total | |
| Material SU | 86,042 | 83,862 | 169,904 | 13,430 8.6% | 8,382 | 7,690 | 16,073 | 3,949 32.6% |
| Quality of Life SU | 45,058 | 48,354 | 93,413 | 8,654 10.2% | 4,256 | 5,296 | 9,552 | 2,452 34.5% |
| Health Care SU | 18,372 | 18,022 | 36,394 | 200 0.6% | 2,992 | 2,451 | 5,443 | (449) (7.6%) |
| Nutrition SU | 48,674 | 47,137 | 95,812 | 3,768 4.1% | 3,903 | 2,545 | 6,449 | 1,873 40.9% |
| Others | 234 | 204 | 438 | (206) (32.0%) | 111 | 66 | 178 | (211) (54.3%) |
| Adjustment | - | - | - | - | (9,369) | (9,225) | (18,595) | (1,119) |
| Total | 198,382 | 197,580 | 395,963 | 25,846 7.0% | 10,276 | 8,824 | 19,101 | 6,494 51.5% |

※SU : Solutions Unit

The momentum of favorable business performance has continued. Material Solutions Unit, Quality of Life (QoL) Solutions Unit, and Nutrition Solutions Unit recorded a significant year-on-year increase in profits. On the other hand, however, Health Care Solutions Unit reported a year-on-year decrease in profits as some shipments are postponed to 4Q (January 1 to March 31, 2025) in the Pharma business due to shipment adjustments, despite continued strong performance of the Medical business. The growth momentum of all solutions units, including Health Care, is expected to become stronger as sales in the Pharma business is likely to pick up. For these reasons, we can expect quarterly operating income to exceed ¥10 billion in 4Q.

With progress being made in shifting to leading-edge businesses, (Modified Silicone polymers, E & I Technology, PV & Energy management, Medical, Pharma, and Supplemental Nutrition), we are steadily making strides forward in our portfolio transformation.

The operating performance by business segment was as follows.

① Material Solutions Unit

This unit recorded increased sales and profits thanks to the strong growth momentum of Modifiers and Modified Silicone polymers, which had been continued since 1Q. Despite a downturn in PVC market conditions in Asia, we forecast a year-on-year increase in full-year profits in this unit as the strong momentum of Modifiers and Modified Silicone polymers is likely to continue.

- For Vinyls and Chlor-Alkali, operating income was on par with the same period last year. The business performance is expected to recover up in 4Q, contributed by the price revision for PVC carried out in Japan.
- For Modifiers, sales increased at all locations as we succeeded in maintaining our competitiveness, which had recovered in the previous fiscal year. The sales of products for non-PVC use and epoxy masterbatch (MX), which have differentiation capabilities, expanded steadily, contributing to an increase in earnings.
- In Modified Silicone polymers, our facilities in Belgium with increased production capacity started operations smoothly. As with the first half of this fiscal year (April 1 to September 30, 2024, "1H"), the momentum of sales expansion and higher earnings is likely to continue in 2H.
- For Green Planet, progress has been made on our efforts to achieve large-scale product adoption by major brand holders around the world. As evident in the product starting to be adopted for a foam cushioning material for home electrical appliances and automobiles, there has been further increasing interest in Green Planet. We will steadily proceed with the launch of a demonstration plant for the mass production of Green Planet.

② Quality of Life Solutions Unit

This unit reported significant increases in both sales and profits all together, driven by high earnings posted by the E & I Technology business. We expect the strong momentum of E& I Technology to continue in 2H.

- For Foam & Residential Techs, performance was adversely affected by decreased demand in the automobile sector and the domestic agricultural and fishery and construction sectors, and higher raw material prices. With progress expected to be made in the price revision in 2H, full-year earnings is projected to recover up to the level of the previous fiscal year.
- For E & I Technology, profits increased significantly year on year thanks to the high level sales of polyimide films and acrylic resins. Earnings is likely to remain high in 2H, boosted by strong demand for smartphones and TVs.
- For PV & Energy management, the sales of high-efficiency photovoltaic modules for residential use steadily increased. We will speed up our efforts to expand and enhance the line-up of high-value-added products by increasing the sales of products for zero-energy building (ZEB), in which walls and windows generate electricity, as well as by stepping up research and development of perovskite.
- For Performance Fibers, profits increased year on year, owing to a steady recovery in the sales of hair accessory products. Despite the persistent high inflation and currency depreciation, combined with continued political uncertainties in African countries, we are planning to create demand by launching new products.

③ Health Care Solutions Unit

With further progress being made in introducing new products and expanding sales in the Medical business, full-year earnings is expected to expand in the entire unit.

- For Medical, a new plant for blood purification devices in Hokkaido (Tomatoh Manufacturing Site) has started operations smoothly. Meanwhile, the sales of both blood purification devices and catheters have expanded steadily.

Recently, we have decided to construct a new catheter plant at said manufacturing site. With the new plant, we aim to respond to increasing demand worldwide, thereby achieving exponential growth

in business operations.

- For Pharma, the sales of pharmaceuticals declined as some shipments are postponed to 4Q due to shipment adjustments. Although the impact of the shipment adjustments is expected to remain in 3Q (October 1 to December 31, 2024), the business is likely to post a substantial year-on-year increase in profits in 4Q, driven by the concentration of shipments for newly acquired large projects.

④ Nutrition Solutions Unit

This unit reported significant year-on-year increases in both sales and profits owing to the continued solid performance of Supplemental Nutrition and Foods & Agris. With the favorable performance expected to be maintained in 2H, we are projecting a substantial year-on-year increase in full-year profits.

- For Supplemental Nutrition, in response to a reactionary decline in the sales of the active form of coenzyme Q10 in the U.S. following concentrated shipments in 1Q, we faced adjustments to inventory by customers in 2Q. As sales are expected to further increase in global markets in 2H, earnings is likely to grow steadily.
- For Foods & Agris, progress has been made in shifting to high-value-added products and improving profit margin, resulting in the continued momentum of strong profit growth. For “Business to Consumer” business, the sales of unique and distinctive high-value-added products have been expanding mainly attributable to the expansion of the product line-up of “*Watashi no Chikara* (My Energy) – Q10 Yogurt” and other new foods with function claims, the sales expansion of “Kaneka Q10 Fruit Gummies,” and the market launch of organic dairy products. The shift to high-value-added products and the sales expansion of newly released products are likely to continue progressing in 2H, maintaining favorable performance.

(2) Financial Position for the first six months ended September 30, 2024

➤ Assets, Liabilities, Net Assets

As of September 30, 2024, total assets were ¥857,506 million, down ¥12,698 million from the previous fiscal year-end. This is mainly due to a decrease in notes and accounts receivable-trade.

Liabilities totaled ¥382,587 million, down ¥13,234 million, primarily reflecting a decrease in notes and accounts payable-trade.

Net assets were ¥474,919 million, up ¥536 million, owing chiefly to an increase in retained earnings, which was partially offset by dividends paid and an increase in treasury stock. Equity ratio was 53.0%.

➤ Consolidated Cash Flows

In the first six months ended September 30, 2024, net cash provided by operating activities was ¥23,023 million, mainly due to the recording of income before taxes and depreciation and amortization. Net cash used in investing activities amounted to ¥30,432 million, owing primarily to purchase of property, plant and equipment. Net cash provided by financing activities was ¥1,553 million due to an increase in loans payable, which was partially offset by redemption of bonds and purchase of treasury stock. As a result, cash and cash equivalents as of September 30, 2024 totaled ¥38,073 million.

(3) Earnings Forecasts and Other Forward-looking Statements

The global GDP growth forecast announced by the IMF in October remains low at 3.2% for both 2024 and 2025. The situation is likely to be highly uncertain due to fluctuations in financial and foreign exchange markets, as well as to increasing geopolitical risks, such as in the Middle East and Ukraine.

Under such circumstances, we will expand the line-up of differentiating technologies that are unique to Kaneka to speed up a shift in our business portfolio. In 2H, we will work to continue the strong momentum, which have continued since 1Q, as a whole.

At this point, we have not revised the forecast for consolidated financial results announced on May 14, 2024.

2. Semi-annual Consolidated Financial Statements and Main Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|--|-------------------------|-----------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 43,969 | 38,833 |
| Notes and accounts receivable-trade, and contract assets | 186,371 | 166,443 |
| Merchandise and finished goods | 94,734 | 103,001 |
| Work in process | 11,678 | 13,259 |
| Raw materials and supplies | 70,883 | 73,293 |
| Other | 23,122 | 22,326 |
| Allowance for doubtful accounts | (1,898) | (1,884) |
| Total current assets | 428,861 | 415,272 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 98,883 | 104,548 |
| Machinery, equipment and vehicles, net | 107,975 | 116,108 |
| Other, net | 124,460 | 115,799 |
| Total property, plant and equipment | 331,319 | 336,456 |
| Intangible assets | | |
| Goodwill | 1,859 | 1,439 |
| Other | 18,973 | 19,007 |
| Total intangible assets | 20,832 | 20,446 |
| Investments and other assets | | |
| Investment securities | 70,150 | 66,432 |
| Other | 19,331 | 19,182 |
| Allowance for doubtful accounts | (290) | (282) |
| Total investments and other assets | 89,191 | 85,331 |
| Total noncurrent assets | 441,344 | 442,234 |
| Total assets | 870,205 | 857,506 |

(Millions of yen)

| | As of March 31, 2024 | As of September 30, 2024 |
|---|-------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 104,212 | 90,794 |
| Short-term loans payable | 116,532 | 136,724 |
| Current portion of bonds | 5,000 | - |
| Income taxes payable | 4,963 | 4,491 |
| Provision | 123 | 3 |
| Other | 60,833 | 53,798 |
| Total current liabilities | 291,666 | 285,811 |
| Noncurrent liabilities | | |
| Bonds payable | 15,000 | 15,000 |
| Long-term loans payable | 40,391 | 35,304 |
| Provision | 2,154 | 2,033 |
| Net defined benefit liability | 12,585 | 11,980 |
| Other | 34,023 | 32,457 |
| Total noncurrent liabilities | 104,156 | 96,775 |
| Total liabilities | 395,822 | 382,587 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 33,046 | 33,046 |
| Capital surplus | 29,173 | 29,506 |
| Retained earnings | 331,933 | 338,554 |
| Treasury stock | (6,797) | (11,724) |
| Total shareholders' equity | 387,355 | 389,382 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 32,632 | 29,410 |
| Deferred gains or losses on hedges | (0) | - |
| Foreign currency translation adjustment | 22,037 | 24,135 |
| Remeasurements of defined benefit plans | 11,438 | 11,124 |
| Total accumulated other comprehensive income | 66,107 | 64,670 |
| Subscription rights to shares | 648 | 658 |
| Non-controlling interests | 20,271 | 20,207 |
| Total net assets | 474,383 | 474,919 |
| Total liabilities and net assets | 870,205 | 857,506 |

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

| Semi-annual Consolidated Statements of Income | (Millions of yen) | |
|--|---|---|
| | From April 1, 2023 to September 30, 2023 | From April 1, 2024 to September 30, 2024 |
| Net sales | 370,116 | 395,963 |
| Cost of sales | 274,003 | 285,868 |
| Gross profit | 96,112 | 110,095 |
| Selling, general and administrative expenses | 83,506 | 90,994 |
| Operating income | 12,606 | 19,101 |
| Non-operating income | | |
| Dividends income | 931 | 943 |
| Foreign exchange gains | 2,007 | - |
| Equity in earnings of affiliates | 73 | 80 |
| Other | 408 | 773 |
| Total non-operating income | 3,420 | 1,797 |
| Non-operating expenses | | |
| Interest expenses | 1,600 | 2,067 |
| Loss on retirement of noncurrent assets | 590 | 1,208 |
| Foreign exchange losses | - | 1,837 |
| Other | 1,093 | 1,393 |
| Total non-operating expenses | 3,285 | 6,507 |
| Ordinary income | 12,741 | 14,391 |
| Extraordinary income | | |
| Gain on sales of investment securities | 1,138 | 1,749 |
| Gain on sale of businesses | 517 | - |
| Total extraordinary income | 1,656 | 1,749 |
| Extraordinary losses | | |
| Loss on disaster | - | 504 |
| Total extraordinary losses | - | 504 |
| Income before income taxes | 14,397 | 15,636 |
| Income taxes-current | 4,806 | 4,333 |
| Income taxes-deferred | 14 | 390 |
| Total income taxes | 4,820 | 4,723 |
| Net income | 9,577 | 10,912 |
| Net income attributable to non-controlling interests | 679 | 750 |
| Net income attributable to owners of parent | 8,897 | 10,162 |

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

| | From April 1, 2023 to September 30, 2023 | From April 1, 2024 to September 30, 2024 |
|---|---|---|
| Net income | 9,577 | 10,912 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,595 | (3,243) |
| Deferred gains or losses on hedges | 7 | 0 |
| Foreign currency translation adjustment | 9,182 | 2,121 |
| Remeasurements of defined benefit plans, net of tax | (158) | (314) |
| Share of other comprehensive income of associates accounted for using equity method | (3) | 0 |
| Total other comprehensive income | 16,623 | (1,435) |
| Comprehensive income | 26,201 | 9,477 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 24,927 | 8,725 |
| Comprehensive income attributable to non-controlling interests | 1,273 | 751 |

(3)Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

| | From April 1, 2023 to September 30, 2023 | From April 1, 2024 to September 30, 2024 |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 14,397 | 15,636 |
| Depreciation and amortization | 20,105 | 21,413 |
| Loss on disaster | - | 504 |
| Increase (decrease) in net defined benefit liability | (623) | (947) |
| Increase (decrease) in allowance for doubtful accounts | 65 | (0) |
| Interest and dividends income | (1,037) | (1,125) |
| Interest expenses | 1,600 | 2,067 |
| Equity in losses (earnings) of affiliates | (73) | (80) |
| Loss (gain) on disposal of noncurrent assets | 226 | 499 |
| Loss (gain) on sales of investment securities | (1,138) | (1,749) |
| Decrease (increase) in notes and accounts receivable-trade | (10,418) | 19,919 |
| Decrease (increase) in inventories | (5,868) | (12,707) |
| Increase (decrease) in notes and accounts payable-trade | 7,831 | (13,258) |
| Other, net | 5,532 | (775) |
| Subtotal | 30,599 | 29,396 |
| Interest and dividends income received | 1,017 | 1,147 |
| Interest expenses paid | (1,532) | (2,081) |
| Income taxes paid | (6,054) | (5,438) |
| Net cash provided by (used in) operating activities | 24,029 | 23,023 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (28,466) | (28,335) |
| Proceeds from sales of property, plant and equipment | 1 | 22 |
| Purchase of intangible assets | (2,249) | (2,326) |
| Purchase of investment securities | (78) | (1,389) |
| Proceeds from sales and distributions of investment securities | 2,031 | 2,194 |
| Payments of loans receivable | (92) | (144) |
| Collection of loans receivable | 185 | 118 |
| Other, net | (1,973) | (572) |
| Net cash provided by (used in) investing activities | (30,642) | (30,432) |

(Millions of yen)

| | From April 1, 2023 to September 30, 2023 | From April 1, 2024 to September 30, 2024 |
|--|---|---|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 11,284 | 22,531 |
| Proceeds from long-term loans payable | 3,684 | 31 |
| Repayment of long-term loans payable | (422) | (6,461) |
| Redemption of bonds | - | (5,000) |
| Repayments of lease obligations | (580) | (518) |
| Purchase of treasury stock | (3) | (5,019) |
| Proceeds from sales of treasury stock | 0 | 0 |
| Cash dividends paid | (3,569) | (3,528) |
| Dividends paid to non-controlling interests | (152) | (205) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (367) | (277) |
| Net cash provided by (used in) financing activities | 9,873 | 1,553 |
| Effect of exchange rate change on cash and cash equivalents | 908 | 650 |
| Net increase (decrease) in cash and cash equivalents | 4,168 | (5,205) |
| Cash and cash equivalents at beginning of period | 40,699 | 43,278 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 32 | - |
| Cash and cash equivalents at end of period | 44,900 | 38,073 |

(4) Notes to the Semi-annual Consolidated Financial Statements
(Changes in Accounting Policy)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied from the beginning of the first six months of the fiscal year ending March 31, 2025.

The amendments to categories in which current income taxes should be recorded (taxes on other comprehensive income) are subjected to the transitional treatment prescribed in the provision of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the provision of paragraph 65-2 (2) of the Revised Implementation Guidance 2022. There are no effects on the consolidated financial statements due to the application of the accounting standards and guidance.

Regarding the amendments related to the revision of the treatment of profits and losses on sales of shares of subsidiaries between consolidated companies in the case of tax deferral, the Revised Implementation Guidance 2022 has been applied from the beginning of the first six months of the fiscal year ending March 31, 2025. The change in accounting policies was applied retrospectively and had no impact to the consolidated financial statements for the six months and the entire fiscal year ended March 31, 2024.

(Segment Information)

I Term from April 1, 2023 to September 30, 2023

1) Sales and Income by Segment

(Millions of yen)

| | Reportable Segment | | | | | Others (Note 1) | Total | Adjustment | Amounts on consolidated financial statements (Note 2) |
|----------------|-------------------------------|--------------------------------------|----------------------------------|--------------------------------|---------|--------------------|---------|------------|---|
| | Material Solutions Unit | Quality of Life Solutions Unit | Health Care Solutions Unit | Nutrition Solutions Unit | Total | | | | |
| Sales | | | | | | | | | |
| Customers | 156,474 | 84,758 | 36,193 | 92,043 | 369,471 | 645 | 370,116 | — | 370,116 |
| Intersegment | 105 | 16 | — | 18 | 141 | 571 | 712 | (712) | — |
| Total | 156,580 | 84,775 | 36,193 | 92,062 | 369,612 | 1,216 | 370,829 | (712) | 370,116 |
| Segment profit | 12,123 | 7,099 | 5,893 | 4,575 | 29,692 | 389 | 30,081 | (17,475) | 12,606 |

Notes: 1. "Others" is a business segment that is not included in the reportable segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the semi-annual consolidated financial statements.

2) Reconciliation between Segment Totals and Amounts on Semi-annual Consolidated Financial Statements
(Adjustments)

(Millions of yen)

| Income | Amount |
|---|----------|
| Segment total | 29,692 |
| Segment profit of Others | 389 |
| Elimination of intersegment transactions | 1 |
| Corporate expenses (Note) | (17,555) |
| Other adjustments | 79 |
| Operating income in the semi-annual consolidated statements of income | 12,606 |

Note: Corporate expenses primarily are expenses for basic R&D that are not allocable to any reportable segments

II Term from April 1, 2024 to September 30, 2024

1) Sales and Income by Segment

(Millions of yen)

| | Reportable Segment | | | | | Others (Note 1) | Total | Adjustment | Amounts on consolidated financial statements (Note 2) |
|----------------|-------------------------------|--------------------------------------|----------------------------------|--------------------------------|---------|--------------------|---------|------------|---|
| | Material Solutions Unit | Quality of Life Solutions Unit | Health Care Solutions Unit | Nutrition Solutions Unit | Total | | | | |
| Sales | | | | | | | | | |
| Customers | 169,904 | 93,413 | 36,394 | 95,812 | 395,525 | 438 | 395,963 | – | 395,963 |
| Intersegment | 108 | 59 | 90 | 22 | 280 | 601 | 882 | (882) | – |
| Total | 170,013 | 93,473 | 36,484 | 95,834 | 395,805 | 1,040 | 396,846 | (882) | 395,963 |
| Segment profit | 16,073 | 9,552 | 5,443 | 6,449 | 37,518 | 178 | 37,696 | (18,595) | 19,101 |

Notes: 1. "Others" is a business segment that is not included in the reportable segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the semi-annual consolidated financial statements.

2) Reconciliation between Segment Totals and Amounts on Semi-annual Consolidated Financial Statements (Adjustments)

(Millions of yen)

| Income | Amount |
|---|----------|
| Segment total | 37,518 |
| Segment profit of Others | 178 |
| Elimination of intersegment transactions | 0 |
| Corporate expenses (Note) | (18,677) |
| Other adjustments | 82 |
| Operating income in the semi-annual consolidated statements of income | 19,101 |

Note: Corporate expenses primarily are expenses for basic R&D that are not allocable to any reportable segments.

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Going Concern Assumption)

Not applicable